September 20, 2012

Families at Risk

The impact of 2011 changes to unemployment insurance on Michigan's unemployed families and children

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Prepared for

The Michigan Unemployment Insurance Project (MiUI)
www.miui.org

Funding by

The W.K. Kellogg Foundation
www.wkkf.org

Abstract

Unemployment insurance (UI) is the major public insurance program in the United States that protects families against the dangers of involuntary job loss. This report examines changes made to Michigan's UI program in 2011 that may make it more difficult for families to access UI benefits. Analyses suggest that these changes will likely reduce regular UI program recipiency in Michigan by as much as 16.3%. Reducing access to UI will likely have a net negative impact on the state's economy, and will likely negatively impact the material well-being of unemployed families in the state. Even after controlling for household and geographic factors, unemployed households that receive UI benefits are more likely than those that do not to be able to meet their essential household expenses. Households receiving UI are also more likely to be food secure, meaning they have access to adequate food. In particular, unemployed households with children who receive UI benefits are more likely than those that do not to be able to pay for their essential household expenses and be food secure.

Introduction

Unemployment insurance (UI) is the major public insurance program in the United States that protects families against the dangers of involuntary job loss. Established in 1935, the program is paid for through taxes on workers' wages imposed on employers, although economists agree that workers bear of burden of these taxes through reduced wages.[1] The Census Bureau estimates that the UI program kept 3.2 million people in the U.S. out of poverty in 2010.[2] UI also plays an important role as an economic stabilizer, as beneficiaries spend their benefit dollars at neighborhood grocers and other businesses. A recently released study commissioned by the Department of Labor under the Bush Administration found that each dollar of UI benefits generates $2 in economy activity.[3]

Michigan's UI program has played a particularly important role in buffering Michigan families, and the state's economy during the current period of sustained, high unemployment. Michigan's annual unemployment rate for 2011 was 10.3%, well above the national rate of 8.9%. The last time Michigan's annual unemployment rate fell below the national average was 2000. In the first quarter of 2012, Michigan's UI program paid out $489 million in benefits[4], leading to hundreds of millions of dollars in economic activity across the state.

In 2011, policymakers in Michigan made a significant number of changes to the state's UI program. Most well known was the decision to reduce the maximum number of weeks of benefits for new claimants to 20 weeks—6 weeks less than the standard used by the large majority of states. In addition, a set of lesser-known changes to Michigan's program, which are described in detail below, may have a more immediate impact on the ability of unemployed workers to access UI.

The Michigan Unemployment Insurance Project (MiUI) has raised concerns that the net effect of the recent changes to Michigan's UI program will be to reduce access to this important social insurance program for families who need it. If these changes were to reduce access to UI, this could have adverse effects, both on Michigan's economy and on the well-being of unemployed workers and their families. UI, in particular, is known to stabilize household spending during periods of unemployment, which is particularly important for households with children. In this way, UI can help households remain in their homes, continue to eat an adequate diet, continue to pursue medical care when needed, and keep unemployed families from falling behind on their essential household expenses during a spell of unemployment.

Because of the importance of this public insurance program, MiUI has commissioned this independent report, with the goal of providing a preliminary assessment of the impact of the 2011 changes to Michigan's UI program on the well-being of unemployed families, particularly those with children, and for the state as a whole. While MiUI has generated the research questions, neither MiUI nor the funder, WKKF, has control over the research methods used, the analysis of results, or the final conclusions drawn. This report reviews the recent changes to Michigan's UI program, assesses their likely impact on access to program benefits, and offers some preliminary estimates of the impact of these changes on unemployed families, particularly those with children.

Table 1a | Recent Changes to Michigan's Unemployment Insurance Program

CHANGES THAT WILL LIKELY REDUCE ACCESS TO UI
Reduces the maximum number of benefits from 26 to 20 weeks
Redefines seasonal employment to exclude from benefits retail and other workers hired for a season
Adds an undefined requirement that claimants be "actively" engaged in seeking work, without adequately defining "actively."
Requires claimants to submit a monthly report about "systematic and sustained search" for work, again undefined
Makes all work search efforts subject to random audit by the Michigan Unemployment Insurance Agency (MUIA)
Requires claimants to ensure that all based period employers—going back 15 months—have their updated contact information. Failure to do so can lead to ineligibility
Redefines "voluntary quits" to add certain separation circumstances previously considered discharges, reducing likelihood of UI receipt
Requires workers to accept jobs outside their previous training and at reduced wages after exhausting half their benefits
Puts more burden of proof on claimants accused of drug use by a former employer
Expands reasons for disqualification of benefits to include non-separation issues
Allows the MUIA to assess a 1% interest rate on up to 50% of an owed restitution
Without a court order, MUIA can now levy a claimant's bank account—even if it is jointly owned—or garnish a claimant's wages and current UI benefits
Increases the ability of MUIA to charge claimants with a felony—with a very low threshold of evidence—for intentional misrepresentation of income amounting to $3,500 or more
Shifts the burden of reporting prior earnings from employers to claimants, requiring them to submit prior check stubs
Requires claimants to purchase hearing transcripts themselves
Replaces Board of Review—which required a balanced tribunal—with the Michigan Appellate Commission, with fewer safeguards to protect claimants

For more details, see the report appendix, available upon request

What Are the Changes to Michigan's UI Program?

Tables 1a and 1b report on the major changes to Michigan's UI program adopted during 2011. In all, there are 16 changes that could negatively affect access to program benefits to varying degrees, while 6 changes give claimants more flexibility and may have a positive impact on access.

In terms of the negative changes, the first may have the most obvious impact—reducing the maximum number of weeks of regular program benefits from the 26-week standard used by a large majority of states, to 20 weeks. If this change is maintained when the economy improves and secondary federal benefits are no longer available, it will result in fewer weeks of benefits for unemployed workers experiencing spells of unemployment lasting more than 20 weeks. Currently, the average duration of unemployment spells in the U.S. is 39 weeks.

The 15 other changes listed in table 1a may also reduce access through three specific mechanisms:

1. **Reducing eligibility rates for benefits** by expanding the types of employment that are not eligible for benefits and increasing the types of disqualifying separations. For instance, 'seasonal' employment has been redefined to exclude retail and other employers not officially categorized as 'seasonal' employers, but which hire workers for a particular time-limited period, such as a retail season. This will make it harder for workers in these jobs to access benefits

Table 1b | Recent Changes to Michigan's Unemployment Insurance Program

CHANGES THAT WILL LIKELY INCREASE ACCESS TO UI
Through 9/2015, relaxes restrictions on the ability of claimants to earn a limited amount from part-time employment while collecting UI benefits
Allows claimants to maintain eligibility when they voluntarily leave a secondary part-time job, while holding a full-time job
Allows claimants who accept new work through a union hall to remain eligible for benefits
Allows claimants to count severance payments in monetary eligibility calculations
Allows claimants to appeal decisions by mail, fax, or other electronic methods
Allows courts to consolidate separate issues into a single hearing

For more details, see the report appendix, available upon request

paid for with taxes levied on their earnings. Another such change is the redefinition of a number of job separation circumstances into "voluntary quits," which reduces the likelihood of eligibility. Finally, in a number of circumstances, the new laws insert ambiguous language, often allowing the Michigan Unemployment Insurance Agency (MUIA) more discretion in assessing the performance of claimants and offering few protections for claimants.

2. **Increasing burdens on claimants** by creating more obstacles to maintaining eligibility for UI benefits. For example, claimants are newly required to provide proof of prior earnings to MUIA (a responsibility that previously rested with the employer) and must keep updated contact information with all employers from as far back as 15 months prior to the separation. The new provisions also require that claimants pursue and accept positions well outside their areas of expertise that may pay wages substantially below their previous employment, rather that seeking out positions that would better use the worker's specialized knowledge.

3. **Giving MUIA more power to punish claimants** with very few protections for the claimants. For example, with a very low threshold of evidence, MUIA can now extract restitutions directly from a claimant's bank account and can charge claimants with a felony for misrepresenting income.

Table 1b lists 6 provisions that may increase flexibility for claimants to pursue work arrangements that work well for their families without losing UI protections, and a few that ease the application and appeals process. Overall, however, the weight of the 2011 changes to UI is in the direction of making it more difficult to access the program. Existing research finds that as requirements for public programs become more arduous and complicated, recipiency rates decrease.[5] This is coupled with greater discretion awarded to MUIA in making determinations, which may be used to reduce access even further. It is also likely that the changes listed in table 1a will increase stigma associated with UI, even though it is a social insurance program paid for through taxes associated with workers' wages.

To What Extent Will These Changes Impact Access?

Access to UI, as measured by recipiency rates, ranges considerably by state, and while some of this variation stems from differences in industrial make-up, much of it can

Table 2 Long-term Recipiency Rates by State, 1987–2011

LOWEST ACCESS STATES	2ND LOWEST ACCESS STATES	2ND HIGHEST ACCESS STATES	HIGHEST ACCESS STATES
1. South Dakota (15%)	14. South Carolina (25%)	27. North Dakota (29%)	40. Hawaii (38%)
2. Oklahoma (19%)	15. Indiana (25%)	28. Montana (32%)	41. Washington (38%)
3. Texas (19%)	16. Ohio (26%)	29. Illinois (32%)	42. Oregon (39%)
4. Colorado (19%)	17. Kentucky (27%)	30. Arkansas (32%)	43. Delaware (43%)
5. Florida (19%)	18. Maryland (27%)	31. Michigan (34%)	44. Rhode Island (45%)
6. Virginia (20%)	19. Alabama (27%)	32. Maine (34%)	45. New Jersey (45%)
7. Arizona (20%)	20. Wyoming (27%)	33. Nevada (34%)	46. Pennsylvania (45%)
8. Mississippi (21%)	21. West Virginia (27%)	34. Minnesota (34%)	47. Wisconsin (46%)
9. New Hampshire (21%)	22. North Carolina (28%)	35. Iowa (34%)	48. Vermont (46%)
10. Utah (21%)	23. Tennessee (28%)	36. California (35%)	49. Massachusetts (47%)
11. New Mexico (22%)	24. Nebraska (28%)	37. New York (36%)	50. Connecticut (49%)
12. Georgia (22%)	25. Missouri (29%)	38. Idaho (36%)	51. Alaska (56%)
13. Louisiana (23%)	26. Kansas (29%)	39. Washington DC (37%)	

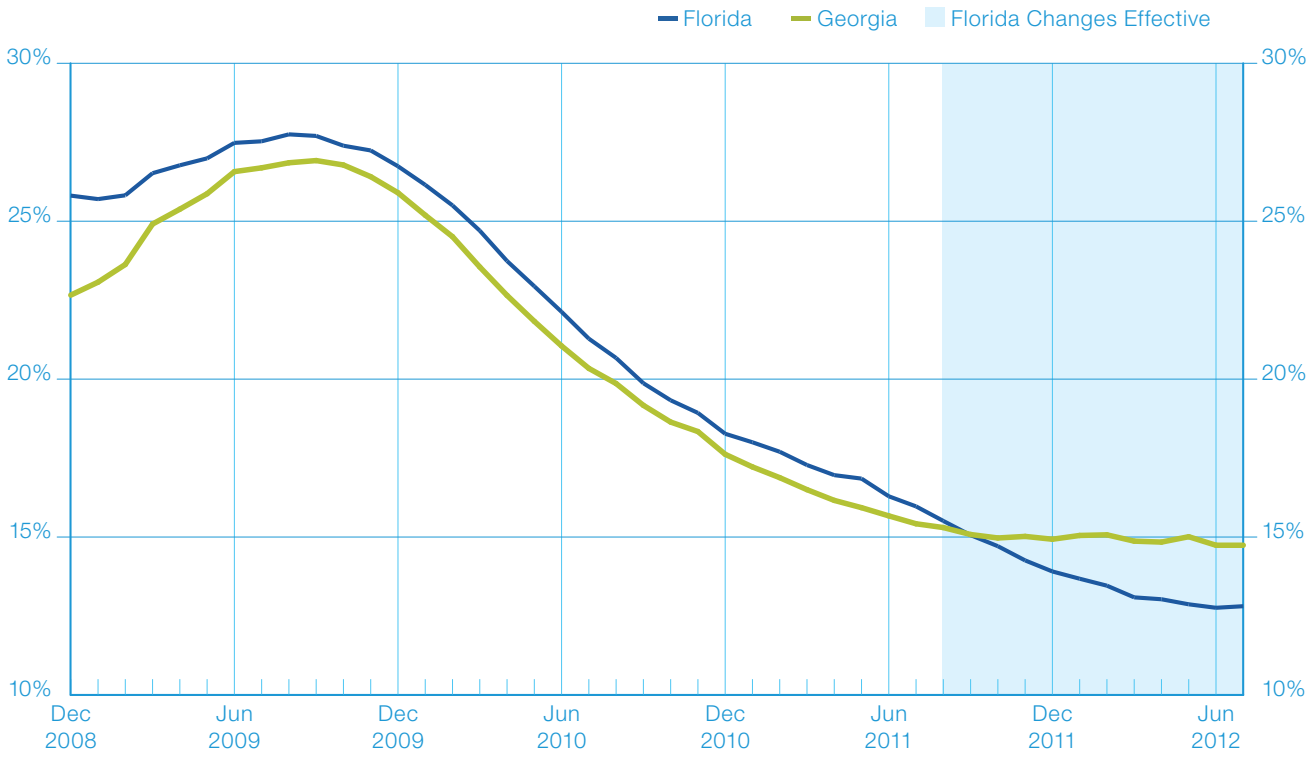
be attributed to state-level program policies and the practices of state UI agencies.[6] Most states have long-term recipiency trends that supersede cyclical changes. Table 2 examines long-term recipiency rates[7] for the 50 states plus the District of Columbia, averaging annual recipiency rates from 1987 through 2011, a period that includes three recessions and a number of economic expansions. States are broken into four groups based on long-term trends.

Table 2 shows the wide range in long-term recipiency rates across states, ranging from a low of 15% in South Dakota to a high of 56% in Alaska.[8] There is obvious regional clustering across the groups, with southern states more likely to be low access states and northeast states high access. At 34%, Michigan ranks 31st among states. In terms of its Midwestern and Rustbelt peers, Michigan is situated in the middle, with a long-term recipiency rate well below that of Wisconsin (46%) and Pennsylvania (45%), comparable to Iowa and Minnesota (both at 34%), and above Nebraska (28%), Ohio (26%), and Indiana (25%). The concern with the recent changes to the Michigan UI program is that it will shift the state's recipiency rate down into the low access groups.

Recent Evidence from Florida

On August 1, 2011, Florida implemented a number of changes to its UI program that may impact recipients in similar ways to the recent changes in Michigan. These changes redefined eligibility rules, placed greater burdens on recipients, and increased stigma.[9] It appears as though these changes may prove somewhat more consequential to UI

Figure 1 | Regular State Unemployment Insurance Recipiency Rate 12-Month Rolling Average



access than those in Michigan, so their impact may provide an upper bound of what could be expected here.

Currently UI recipiency rates are falling across most states, so assessing the impact of the changes in Florida is difficult. One way to try to assess the impact of the changes, though, is to compare recipiency over time in Florida to recipiency in a state that shares similar underlying characteristics but did not make major changes to its program in 2011. If the patterns of recipiency between the two states track closely prior to the changes, but diverge afterward, this suggests that the changes to the program have had some impact. Figure 1 compares recipiency rates for the regular state UI programs in Florida and Georgia. Monthly estimates for each month reflect the 12-month recipiency rate ending in that month[10], from December 2008 to July 2012. The shaded area represents the period after the changes in Florida were implemented.

From December 2008 to July 2011, recipiency rates in Georgia and Florida tracked well, with Florida's remaining slightly higher than Georgia. In fact, for a full two years prior to Florida implementing changes to its UI program, the ratio of the recipiency rate between these two states was virtually unchanged, ranging from 1.023 to 1.058. But shortly after Florida implemented changes to its UI program, recipiency in that state began to fall relative to Georgia, crossing below the Georgia trend line for the first time in the

study period. If Florida had stayed in line with Georgia rather than diverging from it, its 12-month recipiency rate as of July 2012 would have been 15.3%, rather than 12.8%. Therefore, it is reasonable to estimate that the changes to the Florida program were responsible for a 16.3% drop in UI recipiency in that state.[11]

What Would Reduced Access to UI Mean for Michigan's Unemployed Workers, Their Families, and the Michigan Economy?

Existing research shows that UI benefits keep many people out of poverty each year and act as an important economic stabilizer during periods of high unemployment. Thus, reduced access to UI may have a negative impact on incomes, leading to increased poverty and reduced economic conditions across the state.

One potentially positive impact of reduced UI access would be some pressure pushing down Michigan's unemployment rate. It is widely accepted that UI increases the average duration of unemployment spells somewhat, although this effect has been muted during the current period of high unemployment due to a lack of jobs. Jesse Rothstein of the University of California, Berkeley offers the most rigorous estimates of the impact of UI on the unemployment rate during the Great Recession, estimating that the various UI extensions have likely raised the unemployment rate somewhere between 0.1 to 0.5 percentage points, as of the beginning of 2011.[12]

One interpretation of these findings is that UI benefits incentivize beneficiaries to delay serious job search until reaching the end of their benefits. Another, plausible interpretation is that access to UI allows workers to pursue better employment matches, which better utilize their human capital and work well with family circumstances. In this way, UI may lead to greater efficiency and productivity in the labor market in the long-term, even if it puts some upward pressure on the unemployment rate.

The clearest way that UI impacts the well-being of beneficiaries and their families is through helping them "smooth consumption," meaning that they are better able to maintain their standard of living during a spell of unemployment than they would have in the absence of UI. In his seminal 1997 article, Jonathan Gruber estimates that without UI, "the consumption of the unemployed would fall by 22 percent—over three times the average fall in the presence of the public program".[13] Thus, UI benefits play a sizable role in allowing workers to remain at their previous standard of living during a spell of unemployment.

What exactly does this "smoothed consumption" look like? Does this translate into improved material well-being of unemployed workers and their families? To explore these questions the following analyses use data from the Survey of Income and Program Participation (SIPP), one of the primary surveys collected by the U.S. Census Bureau to measure income, employment, and public program participation among the poor.[14]

Using these data, it is possible to create a nationally representative sample of households that are experiencing a spell of unemployment at the time that they answer questions about their material well-being. Table 3 reports on the characteristics of this sample, dividing respondents into unemployed households by UI receipt. While the sample from Michigan is too small to use to draw any definitive conclusions, estimates for the state are reported for comparison purposes.

Table 3 Characteristics of Unemployed Households in the U.S.

	NON-BENEFICIARY	UI BENEFICIARY	MI UI BENEFICIARY
COLLEGE DEGREE	16.7%	20.1%*	21.0%
AGE (AVERAGE)	44.0	45.2*	46.9
WHITE, NON-HISPANIC	52.4%	63.6%*	84.3%
HOUSEHOLD WITH CHILDREN	51.3%	43.2%*	41.9%

Table 3 and all figures:

Source:
Author's analysis of weighted data from the Survey of Income and Program Participation, 1996, 2001, 2004 and 2008 panels coinciding with material hardship topical modules. Standard errors are clustered by state to adjust for the SIPP's stratified survey design.

Notes:
Sample consists of households with at least 1 unemployed adult at the time of the material hardship topical module. Characteristics are taken from the household head.

*****
Statistically significant at the .05 level or greater.

+
Statistically significant at the .10 level.

Estimates from table 3 suggest that unemployed households with UI beneficiaries are somewhat more educated than their unemployed counterparts who are not UI beneficiaries. About 20% of UI households have a college degree, compared to 16.7% of non-UI households. There also appears to be a substantial difference in the racial composition of UI households, about 63.6% of which are headed by a white, non-Hispanic individual, compared to only 52.4% of non-UI households. Finally, households with children make up a sizable portion of UI households, 43.2%, although they are a larger proportion of the non-UI households. The sample of UI households from Michigan—while small—appears to mirror closely the composition of UI households nationally. The only difference is that UI households in Michigan may be more likely to be headed by a white, non-Hispanic individual than is true of the national sample.

Access to UI and the Material Well-Being of Unemployed Workers and Their Families

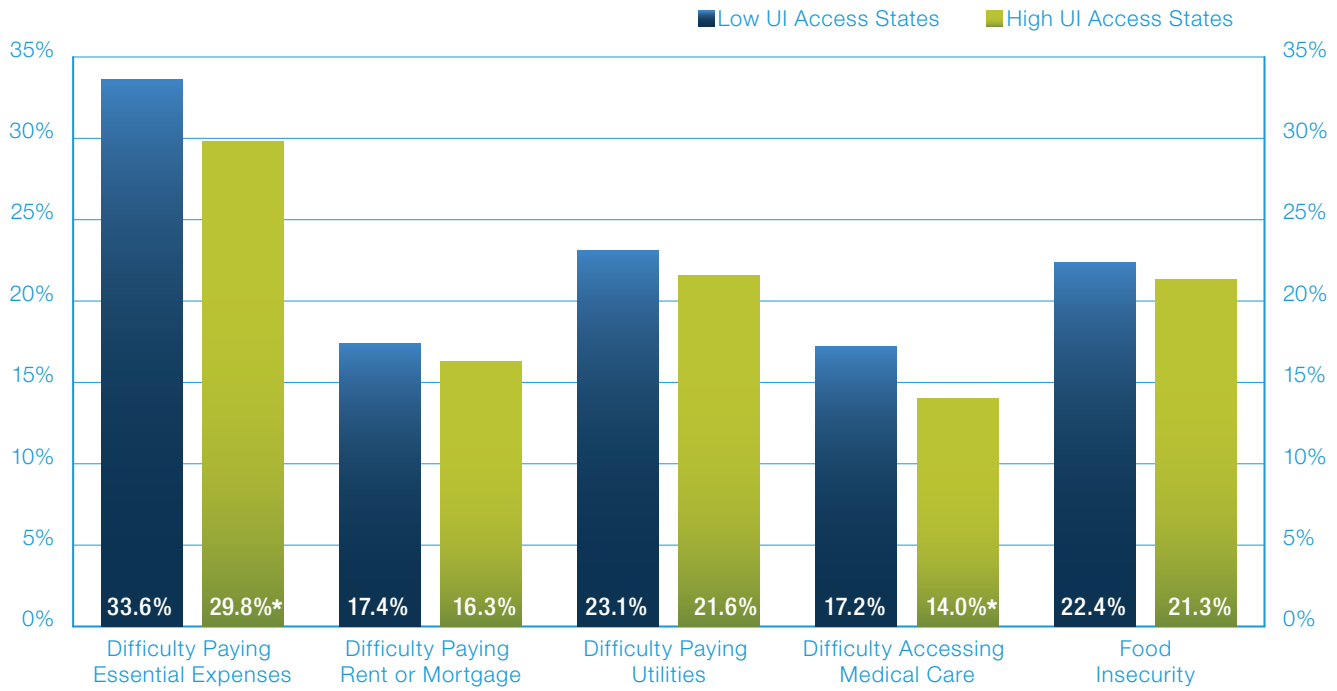
The following analyses use a set of material hardship questions collected in the SIPP in 1998, 2003, 2005, and 2010, years with vastly different economic conditions. According to the U.S. Department of Health and Human Services, the SIPP is a primary source of nationally-representative data on material hardship in the U.S.[15] For this report, 5 outcomes are examined:

1. In the past 12 months, did you fall behind on your essential household expenses?
2. In the past 12 months, did you fall behind on your rent or mortgage?
3. In the past 12 months, did you fall behind on your utilities?
4. In the past 12 months, did you not go to a doctor when you needed to because of cost?
5. In the past 4 months, have you experienced food insecurity (or insufficient access to adequate food)?

Figure 2[16] divides the states into two groups based on the long-term UI recipiency rates presented in table 2. States in the bottom two groups are considered low-access states. States in the top two groups are considered high access states. Figure 2 compares the material hardship of all unemployed households in low access states with those in high access states.

Across the domains, unemployed households in states with high UI access appear to experience less material hardship than in states with low UI access. In two of the cases, these differences are statistically significant. Particularly, 33.6% of unemployed

Figure 2 | Differences in Material Hardship Among Unemployed Households, by State UI Program Accessibility

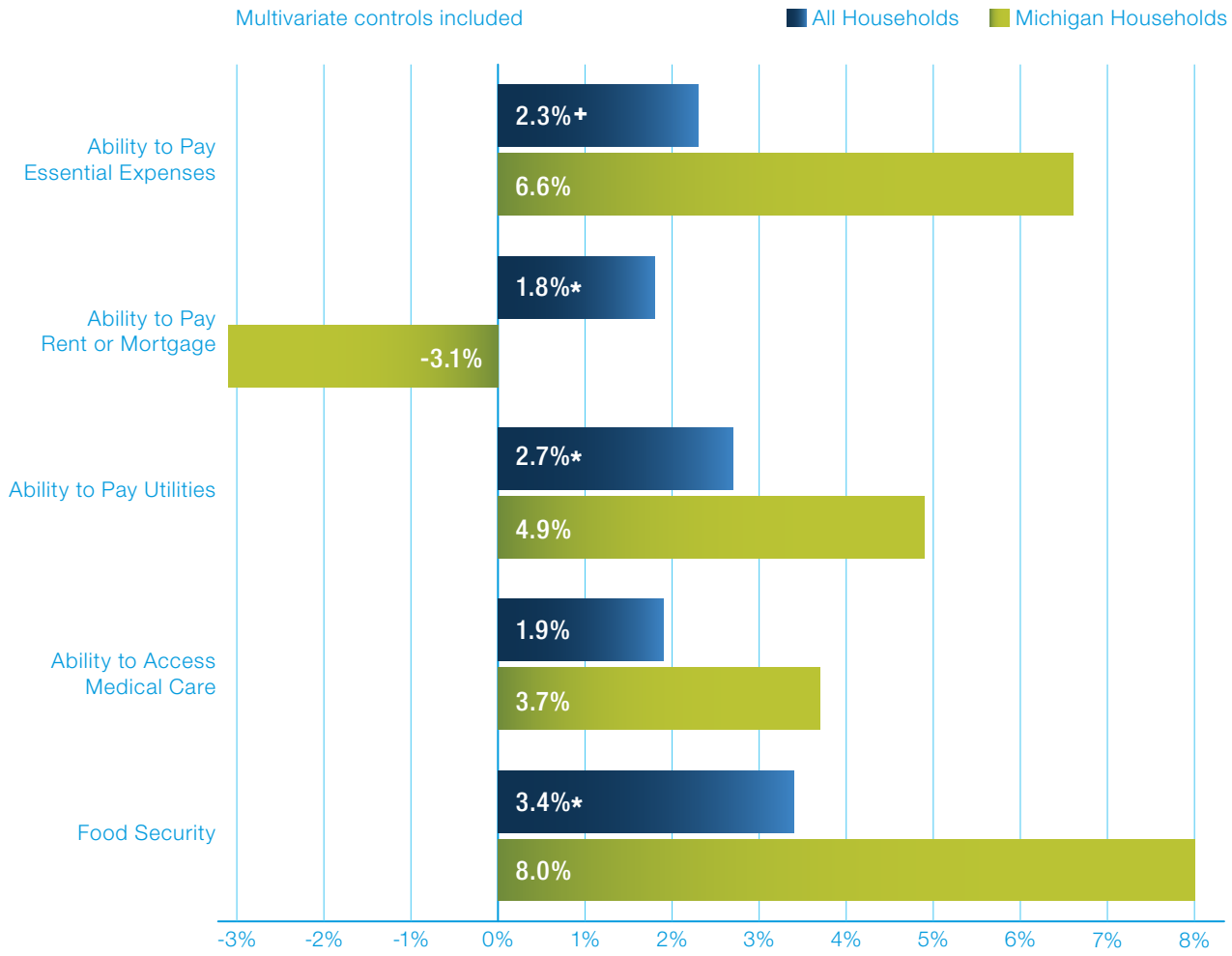


households in low UI access states report that they have fallen behind on their essential household expenses, while the same is true of only 29.8% in high UI access states. Further, 17.2% of unemployed households in low UI access states report difficulty accessing medical care when they needed it because of cost, while the same is true of only 14.0% in high UI access states.

While these results provide some evidence that unemployed households are better off in states with high UI access than in states with low UI access, it could be that these differences are being driven by other circumstances in the state.[17] To have more confidence that UI improves the material well-being of unemployed households requires a more direct and sophisticated approach.

Figures 3 and 4 report on a set of regression analyses that attempt to control for other factors that may impact levels of material well-being besides UI access, and offer some estimates of the relationship between UI access and material well-being.[18] These models control for age, race, and education level of the household head, income[19], the state unemployment rate, and controls for year and, most importantly, state of residence. These figures plot the relationship between UI receipt and improvement of the material well-being of beneficiary households. In figure 2, the primary estimates are in black. While the Michigan sample is too small to use to draw any definitive conclusions, results for Michigan are included for comparison purposes.

Figure 3 | Associations Between UI Receipt and the Material Well-Being of Unemployed Household: U.S. and Michigan



Results in figure 3 suggest that, even after controlling for state of residence, the state unemployment rate, and a number of characteristics of unemployed households, UI receipt is positively related to the material well-being of unemployed households. In all but one domain, this relationship is statistically significant. UI benefits appear to increase the likelihood that unemployed households will be able to pay their essential expenses by 2.3 percentage points, their rent by 1.8 percentage points, and their utilities by 2.7 percentage points. UI is associated with a particularly large effect on food security: a 3.4 percentage points increase in the probability that an unemployed household will be food secure.

Again, the estimates from Michigan should be treated with caution—none are significant and the sample is small. However, they are consistent with a conclusion that UI is positively related to the material well-being of unemployed households in 4 of 5 categories, and may be even more important in Michigan than in the nation as a whole.

Figure 4 | Associations Between UI Receipt and the Material Well-Being of Unemployed Household: With and Without Children

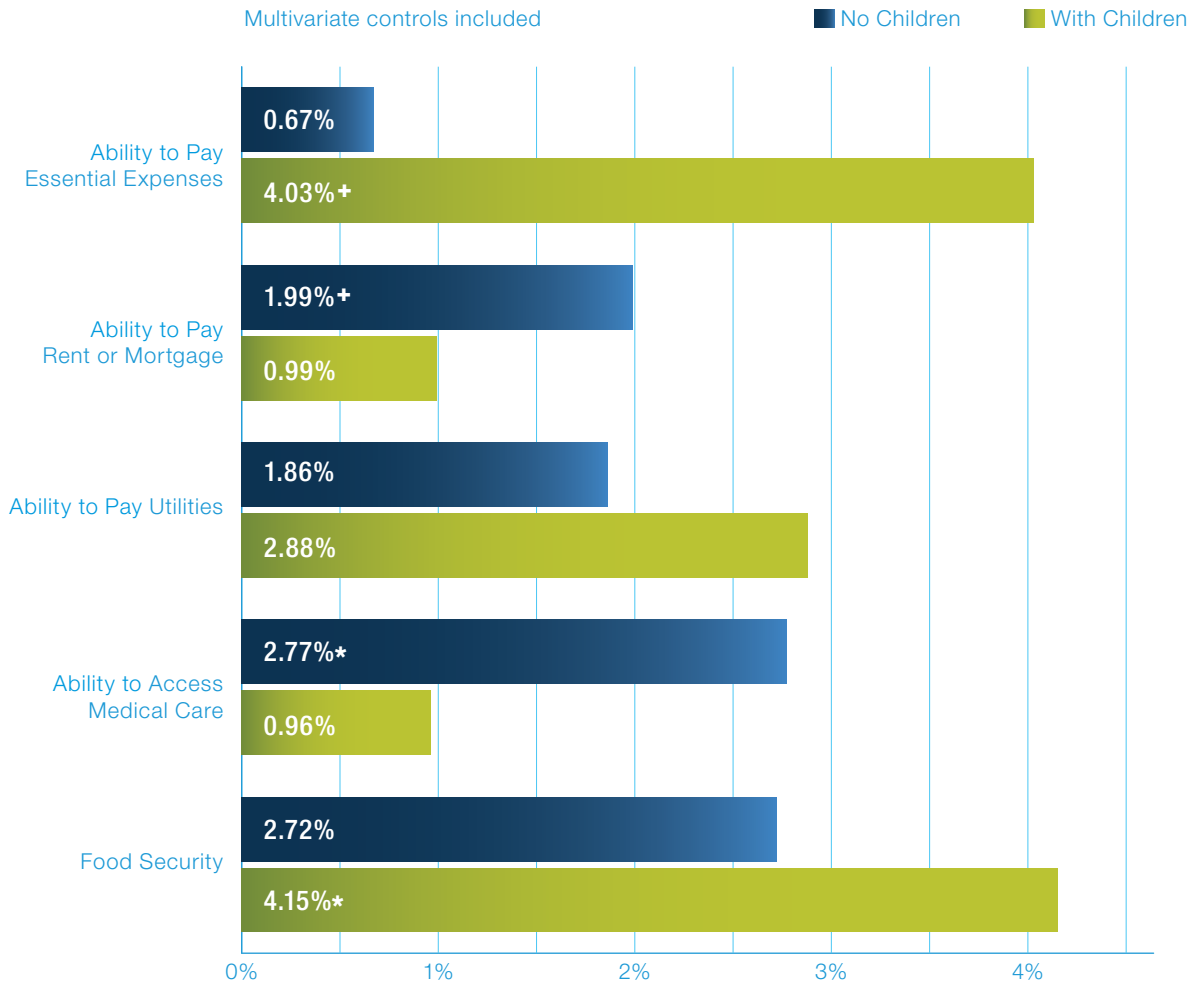


Figure 4 splits the national sample into two groups, those with children and those without. While this creates small sub-samples, it may be illustrative of whether UI has a more significant impact on unemployed households with children, as opposed to households without.

In two key categories, UI has a stronger relationship with the material well-being of households with children than for households without children. UI is related to a 4.0 percentage point increase in the likelihood that households with children will meet their essential expenses, while there is no statistically significant effect among households without children. UI is also related to a 4.2 percentage point increase in the likelihood that unemployed households with children will be food secure, while the 2.7 percentage point effect for households without children is not statistically significant. In two cases (housing and medical care costs), households without children see a statistically significant effect of UI, while households with children do not.

Conclusion

Unemployment insurance (UI) is the major public insurance program in the United States that protects families against the perils of involuntary job loss. The program also acts as an important economic stabilizer, as beneficiaries spend their benefit dollars at neighborhood grocers and other businesses.

This report examines changes made to Michigan's UI program in 2011 that will likely make it more difficult for families to access UI benefits. Analyses suggest that these changes will likely reduce regular UI program recipiency in Michigan by as much as 16.3%. Reducing access to UI will likely have a net negative impact on the state's economy. More importantly, there is considerable evidence that these changes may negatively impact the material well-being of the state's unemployed families. Unemployed households that access UI are more likely to be able to meet their essential household expenses, such as housing and utility bills, and are more likely to be able to afford sufficient food for their families, even after controlling for household and geographic factors. In particular, unemployed households with children who access UI are more likely to be able to pay for their essential household expenses and be more food secure.

The financing of the UI program has been strained by the length and severity of the current period of high unemployment, and so policy makers may feel compelled to explore options to bring the program's trust fund back into balance. However, there are a number of alternative proposals available for improving the program's long-term financial outlook, and certainly the full range of proposals should be considered, especially when the current changes appear to have significant costs in reduced economic activity across the state, and increased hardship of families with children.

About the Author

H. Luke Shaefer, Ph.D. is an assistant professor at the University of Michigan School of Social Work. His research on the effects of Unemployment Insurance and other public programs in the U.S. has been published in *Monthly Labor Review*, *Social Service Review*, and *Health Services Research*, among other journals in economics, social work, and public administration. His research has been funded by the U.S. Census Bureau, the National Science Foundation, and U.S. Department of Agriculture, and has been cited in *The New York Times*, *USA Today*, *The Washington Post*, *The National Review*, *The Nation*, *CNN*, and *MSNBC*, among other outlets. Shaefer has been a visiting scholar at the Institute for Research on Poverty at the University of Wisconsin-Madison, and a visiting fellow at the Harvard Kennedy School. He received his Ph.D. in Social Service Administration from the University of Chicago.

About the Report Sponsor

MiUI is a nonprofit law firm that provides free unemployment insurance advocacy, advice and assistance to unemployed workers in southeast Michigan. Since opening their doors in January 2010, MiUI has assisted nearly 900 unemployed workers with assistance from law student volunteers. To date, MiUI's work has returned an estimated $3 million to unemployed families and their communities. For more information, visit www.miui.org.

About the Funder

The W.K. Kellogg Foundation (WKKF), founded in 1930 as an independent, private foundation by breakfast cereal pioneer Will Keith Kellogg, is among the largest philanthropic foundations in the United States. Guided by the belief that all children should have an opportunity to thrive, WKKF works with communities to create conditions for vulnerable children so they can realize their full potential in school, work and life.

The Kellogg Foundation is based in Battle Creek, Mich., and works throughout the United States and internationally, as well as with sovereign tribes. Special emphasis is paid to priority places where there are high concentrations of poverty and where children face significant barriers to success. WKKF priority places in the U.S. are in Michigan, Mississippi, New Mexico and New Orleans; and internationally, are in Mexico and Haiti. For more information, visit www.wkkf.org.

Acknowledgement

Special thanks goes to Mike Evangelist of the National Employment Law Project for technical assistance and Alix Gould-Werth for helpful comments.

Endnotes

1. Anderson, P.M. & Meyer, B. (2006). Unemployment insurance tax burdens and benefits: Funding family leave and reforming the payroll tax. *National tax journal, 59(1)*, 77-95.

2. DeNarvas-Walt, C., Proctor, B.D., & Smith, J.C. (2011). Income, poverty, and health insurance coverage in the United States: 2010. Current population report, P60-239, see www.census.gov/prod/2011pubs/p60-239.pdf

3. Vroman, W. (2010). The role of Unemployment Insurance as an automatic stabilizer during a recession.ETAOP 2010-10. Report from IMPAQ International, LLC, see wdr.doleta.gov/research/keyword.cfm?fuseaction=dsp_resultDetails&pub_id=2447&mp=y

4. Federal supplementary UI programs (EC and EUB) paid out an additional $396 million in benefits in Michigan during the first quarter of 2012.

5. Ratcliffe, C., McKernan, S., & Finegold K. (2008). Effects of Food Stamp and TANF policies on Food Stamp receipt. *Social service review, 82(2)*, 291-334.

6. Vroman, W. (2001). Low benefit recipiency in state unemployment insurance programs. Washington, DC: Urban Institute. http://www.urban.org/pdfs/State_UI_Full.pdf.

7. The measure of recipiency used here divides the annual weekly average number of weeks compensated in the regular state UI program by the annual average number of unemployed workers. The number of weeks compensated is from ETA Form 5159, reported on a monthly basis. Current Population Survey monthly unemployment counts for each state (not seasonally adjusted) are used in the denominator. This measure was recommended by the Advisory Council on Unemployment Compensation because it more closely represents the percentage of unemployed workers collecting regular state benefits than comparable measures. See Advisory Council on Unemployment Compensation. (1996). Defining federal and state roles in unemployment insurance. Washington, DC: ACUC.

8. Alaska is an outlier because of the high concentration of resident workers from other states.

9. Florida's 2011 UI legislation shortened the maximum duration of benefits and instituted a number of bureaucratic hurdles that make it less likely that unemployed workers will establish initial UI eligibility and qualify for UI on a continuing basis. To qualify for benefits, claimants in Florida must now complete an online, computer-based skills review; contact at least five prospective employers each week or report to a state employment agency; and file continued claims over the internet. Additionally, a broader definition of "misconduct" and lower standard (misconduct can be "conscious" rather than "willful") may make it easier for the state to rule against claimants.

10. We do this to smooth out seasonal fluctuations.

11. Using average recipiency in the U.S. as a comparison rather than Georgia produces a very similar estimate—the Florida changes are associated with an 18.5% drop in recipiency.

12. Rothstein, J. (2011). Unemployment Insurance and job search in the Great Recession. *Brookings papers on economic activity, Fall 2011*, 143-213.

13. Gruber, J. (1997). The consumption smoothing benefits of Unemployment Insurance. *American economic review, 87(1)*, 192-205. Quote on page 203.

14. SIPP interviews are conducted every four months about each individual in the household for each intervening month, gathering data on demographics, income sources, public assistance program participation, household and family structure, jobs and work history. As is common in SIPP research, A few small states are omitted from analyses presented in this paper because they are not uniquely identifiable. For more information on the SIPP, see www.census.gov/sipp.

15. U.S. Department of Health and Human Services, (2004). Measures of material hardship, Final report. Washington DC. Retrieved from web 3/15/11, aspe.hhs.gov/hsp/material- hardship04/index.htm.

16. In figures 2, 3, and 4, statistical significance is denoted as specified in table 2. The sample remains constant.

17. Note that the relationships found in figure 2 are consistent even after controlling for age, race, household composition, and the state unemployment rate Full output for these regressions available in the report appendix, available upon request.

18. Full output for the regressions behind figures 3 and 4 available in the report appendix, available upon request.

19. By identifying households with incomes higher than above 350% of the poverty line.